



Monthly Bulletin

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Gov. Schwarzenegger to Sign Legislation to Protect California Homeowners and Homebuyers, Expand Affordable Housing Opportunities

Governor Urges Consumers Facing Foreclosure to Take Action To Save Their Homes, Calls On Lenders To Help Preserve Homeownership

With California disproportionately impacted by national fluctuations in the housing market, Governor Schwarzenegger announced today that he will sign three bills to increase protections for Californians who own or plan to purchase homes and to expand affordable housing opportunities.

"It is critical that we continue to take steps to protect Californians against unscrupulous lending practices and to ensure that consumers can make informed decisions," said Governor Schwarzenegger. "That is why I am pleased to sign these bills, which increase transparency and accountability in the lending market that will help homeowners preserve their American dream."

- [SB 223](#) by Senator Mike Machado (D-Linden) will make it a crime for licensed appraisers to engage in any appraisal activity that is connected to the purchase, sale, transfer, financing or development of property if their compensation is impacted by the final price generated by the appraisal.
- [SB 385](#) also by Senator Machado permits state agencies involved with residential mortgage lending and brokering to adopt emergency measures and new policies to ensure that all mortgage lenders and brokers are subject to federal guidelines on non-traditional mortgages. This law impacts the Department of Financial Institutions (DFI), the Department of Corporations (DOC) and the Department of Real Estate (DRE).

- [AB 929](#) by Assemblymember Sharon Runner (R-Lancaster) increases the amount of affordable housing in California by raising the total debt that the California Housing Finance Agency (CalHFA) can carry by \$2 billion. CalHFA issues bonds to finance housing for low and moderate-income families.

Governor Schwarzenegger is taking additional actions to protect Californians, who are at the forefront of the national downturn in the housing market. The state's foreclosure rate is more than twice the national average and the Mortgage Bankers Association is reporting that the state's homeowners hold 20 percent of the nation's subprime adjustable rate mortgages, a record number of which are expected to result in foreclosure.

"It's absolutely crucial that Californians facing the threat of foreclosure reach out to their lenders and discuss available options to save their homes," said Governor Schwarzenegger. "The worst thing someone can do is nothing - most lenders would prefer not to foreclose, but 50 percent of borrowers who lose their homes never return calls from their lenders."

Today the Administration announced the following actions and resources to help homeowners that are facing financial distress or foreclosure as a result of non-traditional mortgages:

- California's licensing departments will adopt regulations to strengthen California's underwriting and consumer disclosures, in order to ensure that consumers have the tools to fully understand the ramifications of taking out a sub-prime loan. As part of this effort, licensees will use a new, multilingual consumer disclosure form to illustrate worst-case payment scenarios.
- Licensing departments will continue to work closely with law enforcement to discipline lenders and brokers who take unfair advantage of consumers. These departments are also currently training consumer counselors, non-profits and legal aid societies to help identify licensees who have defrauded consumers or otherwise violated state law, so enforcement actions can be taken against their licenses.
- State agencies will continue to partner with local legislators in the areas hit hardest by foreclosures to connect borrowers with non-profit counselors who can help them negotiate with their lenders. The state has already held events in Stockton, Riverside, Sun Valley and La Quinta. Another event will be held in Los Angeles on October 20th in cooperation with the Los Angeles Neighborhood Housing Service. For more information on this service call (213) 381-2862.
- The state will continue to promote two key state resources for homeowners:
 - The "HOPE Hotline" (1-888-995-HOPE or www.995HOPE.org), which provides free mortgage counseling 24 hours a day, seven days a week.
 - And, the recently launched, Spanish and English language mortgage websites: <http://www.yourhome.ca.gov> and www.sucasa.ca.gov.

Earlier this year, the Governor directed his Cabinet to form the Interdepartmental Task Force on Non-Traditional Mortgages. In September, he made \$1.16 million in Community Development Block Grant funds available to counties for consumer counseling and urged Congress to provide more funding for these programs in California. He also called on Congress to raise federal loan limits so that more California families can take advantage of these secure products, rather than relying on subprime loans.

Non-Traditional Mortgage Survey

A Special Thank You

The Department thanks each of its bank and credit union licensees for their timely response to the recent non-traditional mortgage survey. In responding to the survey, many have indicated an interest in the results. The Department will post the cumulative responses from each industry on our Web site in the near future. In addition, the results will be published in the *Monthly Bulletin*.

Less than Satisfactory Banks to Reimburse DFI for Extraordinary Attention Costs

Pursuant to Financial Code section 1901(a) the Commissioner is authorized to charge and collect from a bank or foreign bank for extra examinations at the rate of \$75 per hour per examiner engaged in the extra examination and in the case of extraordinary attention, an amount not exceeding the department's expenses in providing the extraordinary attention, including but not limited to compensation of employees. Since 1997, the policy of this department has been to bill a bank or foreign bank in less than satisfactory condition for the second examination during a two-year period. This policy is being modified.

Effective immediately, every bank and foreign bank which is examined by DFI more frequently than required by statute because of its less than satisfactory condition (ratings of 3, 4 or 5) will be billed at the rate of \$75 per hour per examiner engaged in the examination.

Also, every bank and foreign bank which receives extraordinary attention either due to its less than satisfactory condition (rating of 3, 4 or 5) or as necessary or advisable in the judgment of the Commissioner for other reasons, will be billed at the rate of \$75 per hour per employee involved in providing the extraordinary attention plus other Department expenses. Those employees include, but are not limited to, Department executives, managers, examiners and attorneys.

"Extraordinary attention" includes, but is not limited to, preparation and negotiation of enforcement actions, reviewing materials required under enforcement actions, traveling to and participating in meetings with management/directors, attorneys, consultants and regulators, conducting visitations and reviewing other correspondence relating to ongoing supervision activities of the bank or foreign bank. Other Department expenses include, but are not limited to, travel and per diem expenses in providing the extraordinary attention.

Billing for extra examinations and for extraordinary attention will continue until such time as the bank or foreign bank is restored to a satisfactory condition.

This change in policy is being implemented so that the added cost to the Department of banks operating in less than satisfactory condition are borne by the institutions that generate those costs and are not subsidized by banks in satisfactory condition that do not require extra examinations or added attention.

CSBS to Hold First Boot Camp for BSA Professionals in California

The Conference of State Bank Supervisors (CSBS) will be conducting its Boot Camp for BSA Professionals in San Jose, California on November 5 – 9, 2007. This is an intensive 4½ day experience that will fast forward your Bank Security Act (BSA) compliance knowledge and anti-money laundering acumen by incrementally building a comprehensive and structured matrix of BSA understanding. This skills driven program is designed to meet the needs of regulators and those who work in financial institutions and money service businesses. Each session includes focused “hands-on exercises” that reinforce what you learn and permit you to apply your knowledge to real-life situations. A highly experienced team of BSA experts with senior level government and private experience will lead each session, giving you the latest information and coaching on real life exercises and case studies. This program is also the first step in qualifying for Certification as a Professional BSA Compliance Practitioner. If you are interested in attending or would like additional information, please use this [link](#).

DFI Encourages the Use of FDICconnect for Secure Submission of Examination Information

DFI is pleased to announce its partnership through the Conference of State Bank Supervisors (CSBS) with the Federal Deposit Insurance Corporation (FDIC) on the FDICconnect Examination File Exchange system. FDICconnect is a secure web site to support e-commerce activities and allows for the secure electronic transmission of examination information between insured financial institutions and state and federal banking regulatory agencies. DFI has been using FDICconnect for new branch applications since December 2004.

DFI currently requests pre-examination information that is reviewed prior to the on-site portion of an examination. With the expansion of FDICconnect, institutions and other affiliated parties, such as data servicers, will be able to quickly and securely exchange files with the DFI and FDIC. In addition, use of the system should relieve examination burden on institutions by allowing DFI staff to complete a significant portion of the examination process offsite. We encourage all state-chartered banks to take advantage of this system when contacted by the DFI or FDIC for information before or during an examination. The FDIC announced the adoption of FDICconnect for secure transmission of examination information in Financial Institution Letter [FIL 53-2007](#).

The FDIC provides technical and instructional support for bankers using FDICconnect. You may contact the FDICconnect Help Desk by calling toll-free 1-877-275-3342 (select options 1 for English, 1 for financial institutions, and 5 for the Help Desk) or by sending an e-mail to FDICconnect@fdic.gov

DFI to Cease Filing the Group 990 Tax Returns for California State-Chartered Credit Unions

Due to significant changes by the IRS, the DFI will no longer file the Group Return for Credit Unions (Form 990 “Return of Organization Exempt from Income Tax”). Previously, as an accommodation to

the state-chartered credit unions in California, particularly smaller credit unions, the DFI prepared and filed these returns.

The return's growing complexity, liability, and costs to the DFI led to the decision. Many other state credit union regulators have discontinued the group filing. Accordingly, each state-chartered credit union will be responsible for filing its own Form 990 beginning with the 2007 tax year.

Carol Chesbrough becomes Interim Commissioner

On September 7, 2007 Commissioner Michael Kelley left the Department of Financial Institutions. Pursuant to Financial Code Section 235, the Chief Deputy Commissioner became Interim Commissioner of Financial Institutions. Until a new commissioner is appointed, please address all correspondence for the Commissioner's attention to Carol D. Chesbrough, Interim Commissioner of Financial Institutions, 1810 – 13th Street, Sacramento, CA 95811; (916) 322-0282; cchesbrough@dfi.ca.gov.

Commercial Bank Activity

New Bank

Commerce Bank of Temecula Valley
25220 Hancock Avenue, Murrieta, Riverside County
(951) 973-7400
(951) 973-7401 (fax)
Officers: Bill Demmin, President and Chief Executive Officer
LouEllen Ficke, Executive Vice President and Chief Financial Officer
Skip Maniscalco, Executive Vice President and Chief Credit Officer
Capitalization: \$15,023,740.00
Opened: 9/17/07

Conekta Bank
530 Broadway, Chula Vista, San Diego County
Correspondent: Maryam Hamzeh
Carpenter & Company
Five Park Plaza, Suite 950
Irvine, CA 92614
(949) 261-8888
Approved: 9/24/07

Gateway Pacific Bank
801 National City Boulevard, National City, San Diego County
Correspondent: Russell W. Bushore
Carpenter & Company
Five Park Plaza, Suite 950
Irvine, CA 92614
(949) 261-8888
Filed: 9/12/07

New Bank (Continued)

Suncrest Bank
400 W. Center Avenue, Visalia, Tulare County
Correspondent: Michael T. Wilson
814 W. Center Avenue, Suite F
Visalia, CA 93291
(559) 622-8841
Approved: 9/14/07

Merger

Business First National Bank, Santa Barbara, to merge with and into Heritage Oaks Bank, Paso Robles
Approved: 9/17/07

Acquisition of Control

Brian K. Garrett and Debra M. Pitts to acquire control of Community Bank of the Bay
Filed: 8/23/07
Approved: 9/19/07

WCB Holdings, Inc. to acquire control of Western Commercial Bank
Effected: 9/17/07

Purchase of Partial Business Unit

County Bank, Merced, California, to acquire the California branches of National Bank of Arizona, Tucson, Arizona
Approved: 9/14/07

Premium Finance Company Activity

New Premium Finance Company

Allied Premium Finance Co., Inc.
8530 La Mesa Boulevard, La Mesa, San Diego County
Opened: 9/01/07

Coastal Premium Finance Corp.
4201 Long Beach Boulevard, Long Beach, Los Angeles County
Filed: 9/18/07

Voluntary Surrender of License

California Flatiron Corp.
Effected: 9/18/07

Foreign (Other Nation) Bank Activity

New Office

Intesa Sanpaolo S.p.A.
444 S. Flower Street, City and County of Los Angeles (Representative Office)
Opened: 9/10/07

Credit Union Activity

Field of Membership

Two credit unions received approvals to add four new fields of membership during August 2007.

Bylaw Amendment

Two credit unions received approval for eleven bylaw amendments during August 2007.

Merger

Great American Credit Union, San Diego, to merge with and into Wescom Central Credit Union, Pasadena
Filed: 9/24/07

Change of Name

Norton Community Credit Union to change its name to Alta Vista Credit Union
Approved: 12/5/06
Effectuated: 12/11/06

Final Order (Financial Code Section 14304)

Cal State 9 Credit Union
3000 Clayton Road, Concord, Contra Costa County
Issued: 9/6/07

Transmitter of Money Abroad Activity

New Transmitter of Money Abroad

Pronto Money Transfer, Inc.
Opened: 8/28/07

Acquisition of Control

Bancolombia (Panama) S.A., to acquire control of Banagricola de El Salvador, Inc.

Approved: 9/26/07

Coinstar E-Payment Services, Inc., to acquire control of GroupEx Financial Corporation

Filed: 9/26/07

Voluntary Surrender of License

Pekao Trading Corporation

Effected: 9/28/07

CAROL D. CHESBROUGH

Interim Commissioner of Financial Institutions

Bulletin for Month ended
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to Financial Code section 258



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